



May 8, 2006

## **Cranston man is sentenced for fraudulent advance-fee scheme**

### **John J. Conley took \$285,000 from start-up businesses and failed to provide promised financing**

A federal judge has sentenced **John J. Conley**, 57, of Cranston, to 21 months in prison for defrauding businesses with false promises of financing. In February, Conley pled guilty to eight counts of wire fraud, admitting that he charged businesses a total of \$285,000 in advance fees for financing that he never provided.

United States Attorney Robert Clark Corrente announced the sentence, which Chief U.S. District Court Judge Ernest C. Torres imposed on May 5 in U.S. District Court, Providence. Judge Torres also ordered Conley to make full restitution to the business people he duped.

At the plea hearing in February, Assistant U.S. Attorney Terrence P. Donnelly said that the government could prove that Conley told at least eight potential clients that he could provide financing for their start-up or growing businesses from a "hedge fund" that he managed or from another type of venture capital vehicle. However, there was no hedge fund and Conley never provided any financing.

Donnelly said the scheme started in 1998, when Conley placed an ad in the Wall Street Journal offering the services of his firm, River City Affiliates, to provide financing to small companies. He also used other corporate identities, such as John Conley Investments LLC, and River City Investors.

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In 2000 and 2001, Conley conned his clients by demanding non-refundable advance fees ranging from \$25,000 to \$60,000, purportedly to cover his “due diligence costs.” After obtaining the advance fees, for financing that was to range from \$750,000 to \$10,000,000, Conley used various stall tactics to explain why the financing was not forthcoming. He promised to provide a total of \$39,250,000 to the eight clients but never delivered any of it.

Conley’s victims were: a Michigan-based corporation established to auction commercial equipment over the Internet; a Virginia-based software consulting service; a Virginia company established to facilitate high-speed securities transactions over the Internet; a California executive recruiting service; a Connecticut food service enterprise; a New York-based business that distributed alcoholic beverages; a Chicago firm developing communications technology for schools; and a Connecticut based airline shuttle company. All eight are defunct.

The **Federal Bureau of Investigation** investigated the case. Assistant U.S. Attorney Donnelly prosecuted it.

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Contact: 401-709-5032

[Thomas.connell@usdoj.gov](mailto:Thomas.connell@usdoj.gov)

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